

Message Text

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FM AMEMBASSY CANBERRA

TO SECSTATE WASHDC 2633

INFO AMEMBASSY BOGOTA

AMCONSUL BRISBANE

AMEMBASSY THE HAGUE

AMEMBASSY KINSHASA

AMCONSUL MELBOURNE

AMCONSUL PERTH

AMCONSUL SYDNEY

AMEMBASSY TEHRAN

UNCLAS CANBERRA 1113

E.O. 11652: N/A

TAGS: BEXP, AS

SUBJ: SECOND QUARTER CCP EVALUATION

REF: (A) STATE 017976

(B) CANBERRA 5657, OCTOBER 15, 1973

(C) CANBERRA 6184, NOVEMBER 14, 1973

(D) CANBERRA 0475

(E) CANBERRA 1068

1. BEGIN SUMMARY: GOALS OF FY 74 CCP AND COMMENTS IN FIRST QUARTER EVALUATION REFTEL (C) STILL VALID. AMERICAN EXPORTS TO AUSTRALIA IN FIRST HALF FISCAL 1974 INCREASED STRONGLY OVER COMPARABLE PERIOD FY 73 AND FURTHER GROWTH LIKELY DURING BALANCE OF YEAR. RELATION OF THIS GROWTH TO QUANTITATIVE OBJECTIVES FOR SPECIFIC EFFORTS CCP INDETERMINATE. WE STILL FACE PROBLEMS INHERENT IN DEVELOPING DETAILED PROGRAMS WITH UNCERTAIN RESOURCES DUE TO DELAYED AND SUBSTANTIALLY INDEPENDENT FINAL BUDGET PROCESS. END SUMMARY.

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WM CCP GOALS AS STATED PAGE 10 FINAL PRINTED EDITION

CONTINUE VALID.

3. GOAL I - INCREASE IN U.S. EXPORTS TO AUSTRALIA -- IN FIRST HALF FISCAL 1974 U.S. EXPORTS TO AUSTRALIA INCREASED FROM DOLS 538.5 MILLION TO DOLS 859.7 MILLION. GIVEN THE TREND OF TOTAL AUSTRALIAN IMPORTS AND INTERNAL INFLATION IT SEEMS PROBABLE THAT IMPORTS FROM U.S. ARE STILL RISING AND THAT ABSOLUTE INCREASE IN COMMERCIAL IMPORTS THE SECOND HALF OF FISCAL 74 WILL BE GREATER NOTWITHSTANDING PROBLEMS CITED REF (E). THE TOTAL INCREASE IN U.S. SALES TO AUSTRALIA BETWEEN FISCAL 72 AND FISCAL 73 COULD CONCEIVABLY REACH THREE-QUARTERS OF A BILLION DOLLARS. MUCH OF THE INCREASE TO DATE HOWEVER REPRESENTS PRICE INFLATION AND ONE-TIME LATE CY1973 PAYMENTS FOR F-111 DELIVERIES TO THE RAAF, ASIDE FROM BASIC IMPROVEMENT IN U.S. COMPETITIVENESS. THIS CONFIRMED BY RELATIVELY MODEST INCREASE IN U.S. MARKET SHARE (19.7 PERCENT TO 20.8 PERCENT) BETWEEN 1ST QUARTER FY 73 AND FIRST QUARTER FY 74.

4. THE PORTION OF THE OVERALL DOLS 320 MILLION INCREASE IN U.S. EXPORTS ATTRIBUTABLE TO CCP EFFORTS INDETERMINATE. THE TRADE CENTER (SUB GOAL A) CARRIED OUT ACTIVE PROGRAM DURING THIS PERIOD. BIG TICKET PROJECTS (SUB GOAL B) PROBABLY MADE A LESS THAN HOPED FOR CONTRIBUTION, DUE TO SLOWING OF MAJOR INVESTMENT PROJECTS IN AUSTRALIAS CURRENT UNCERTAIN INVESTMENT CLIMATE. THE GOA MADE A MAJOR CONTRIBUTION TO IMPROVED TRADE CONDITIONS (SUB GOAL C) THROUGH ITS UNILATERAL LIBERALIZATION OF TRADE AS PART OF AN ANTI-INFLATION PROGRAM. THE CONTINUING INCREASE IN INFLATION (1973: 13.2PERCENT) PROBABLY CONTRIBUTED EVEN MORE TO U.S. COMPETITIVENESS. THE EFFECT OF THESE FACTORS MAY BE EVEN GREATER DURING THE BALANCE OF FY 1974 AND IN FY 1975. THE TRADE CONTRIBUTION OF ACTIVITIES UNDER SUB GOAL D IS INDETERMINABLE BUT THE MISSION HAD AN ACTIVE LEVEL OF SUCH SERVICE WORK.

5. GOAL II EXCEEDED BY THE USTC, WHICH REPORTED 27 NTE/NTM PENETRATIONS IN THE FIRST HALF OF FY 73 AGAINST ANNUAL GOAL OF 45.

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YM GOAL III IS NOT QUANTIFIABLE. THE SUBJECT OF FOREIGN INVESTMENT IN AUSTRALIA HAS BEEN ACTIVE THROUGHOUT THE YEAR TO DATE. EXISTING U.S. INVESTMENT HAS HELD ITS OWN WHILE THE

INTERIM INVESTMENT POLICY OF THE NEW GOVERNMENT HAS SUBSTANTIALY REDUCED THE INFLOW OF NEW FOREIGN INVESTMENT, WHILE THERE HAS BEEN LITTLE CHANGE IN AUSTRALIAS TRADITIONALLY MEAGRE FLOW OF OUTWARD INVESTMENT. IN GENERAL,

LITTLE PROGRESS WAS MADE ON PROMOTION OF TOURISM DURING THE SECOND QUARTER, THE MOST NOTABLE EVENT BEING THE PROJECTED WITHDRAWAL OF AMERICAN AIRLINES FROM THE SOUTH PACIFIC ROUTE.

7. SUPPLEMENTING THE ORIGINAL CCP, THE MISSION ADOPTED (REF B) FIVE COMMERCIAL PROJECTS FOR SPECIAL EMPHASIS DURING THE BALANCE OF FY 74. THE EMBASSY HAS REAFFIRMED THE VALIDITY OF THESE SPECIFIC PROJECTS BY PROPOSING THEM FOR CONTINUATION IN FY 75 (REFTEL D). ACTION PROGRAMS ON THESE FIVE LONGER-TERM PROJECTS ARE JUST OUT OF PLANNING STAGE. COMMERCE COUNTRY MARKETING DIRECTOR FAUSEL IS CURRENTLY IN AUSTRALIA AND IS HAVING PRELIMINARY DISCUSSIONS ON THE FY 75 CCP WITH THE EMBASSY AND THE CONSTITUENT POSTS. WE EXPECT THESE DISCUSSIONS TO RESULT IN THE INCLUSION OF ADDITIONAL AREAS OF CONCENTRATION IN FY 1975.

8. SUBJECT TO THE FOREGOING COMMENTS, THE EMBASSY'S EVALUATION (REFTEL C) OF FIRST QUARTERS DEVELOPMENTS REMAINS APPLICABLE. IN ADDITION TO REAFFIRMING THE COMMENTS IN PARAS 3 AND 4 OF REFTEL C THE EMBASSY CONTINUES TO BE CONCERNED AS REGARDS THE FY 75 CCP BY THE COMBINATION OF BUDGET UNCERTAINTY AND LIMITATION ALLUDED TO IN PARA 6 REF C. THE EMBASSY IS STILL UNCERTAIN OF ITS FINAL BUDGET LEVEL FOR THE BALANCE OF FY 74, WITH SOME CONSEQUENTIAL UNCERTAINTY CONCERNING THE LEVEL OF ACTIVITY FOR THE BALANCE OF THIS YEAR. PRELIMINARY BUDGET DEVELOPMENTS FOR FY 1975 SUGGEST THAT NEXT YEAR MAY BE EQUALLY UNCERTAIN. CONCEIVABLY WE MAY AGAIN IN FY 1975 BE ATTEMPTING TO QUANTIFY A PROGRAM OF ACTION WITHOUT A FIRM ASSURANCE ON BUDGET.

9. RE PARWNZS CVWPCC (DATA BASE) - TRADE CENTER COMPREHENSIVE MARKET SURVEY SCHEDULED TO BE COMPLETED LATE MARCH AND WE PLAN TO RELY HEAVILY ON ITS RESULTS IN DESIGNING FY 75 CCP.
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WITH RESPECT TO PROGRESS AND PERFORMANCE MEASUREMENT, EMBASSY AND CONSULATES HAVE ADOPTED NEW E/C REPORTING SYSTEM DESIGNED TO GENERATE MONTHLY AND QUARTERLY DATA FITTED TO COUNTRY PROGRAM CATEGORMSC.

10. IN CONNECTION WITH PARA 8 REF C, WHICH DEALS WITH CCP CONTENT AND FORMAT, THE EMBASSY HAS MADE SEVERAL SUGGESTIONS TO CMD FAUSEL FOR A SIMPLER AND WE BELIEVE MORE EFFECTIVE OUTLINE FOR THE FY 75 CCP THAN THE MODEL HE HAD BEEN FURNISHED FOR USE IN INITIAL DRAFTING. WE HOPE OUR SUGGESTIONS MAY MERIT FURTHER CONSIDERATION UPON HIS RETURN TO WASHINGTON.
GREEN

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